Tools for Alliance Builders

First version: April 3, 2002
Second version: November 6, 2002
Third version: July 9, 2003
Fourth version: September 9, 2003
Current version: September 10, 2004

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USAID GLOBAL DEVELOPMENT ALLIANCE
Tools for Alliance Builders
September 2004

INTRODUCTION

Tools for Alliance Builders is a resource guide addressing fundamental and applied questions about building public-private alliances that address development problems. This practical handbook helps USAID staff engaged in alliance building understand, navigate, and smoothly link two processes: 1) the outwardly focused process involved in finding and working collaboratively and effectively with private sector partners; and 2) the inwardly focused process of navigating USAID policies and procedures related to its annual programming cycle and the obligation of its funds.

Managers of USAID operating units, program technical staff, and procurement and legal staff may all find themselves involved in various aspects of building and managing alliances, and they will all find information here that relates to and supports their roles and responsibilities in alliance development. Furthermore, this guide may be of some interest and use to foundations, corporations and other potential alliance partners who wish to understand USAID's perspective on alliances and the internal issues that it must take into account when engaging in them. An abridged version of this document addressed to potential resource partners is pending.

Tools for Alliance Builders is a publication of USAID's Global Development Alliance Secretariat that is periodically updated and refined to reflect lessons learned and the ever-improving state of the art. It is designed, through a modular format, to allow the reader quick access to key information. Because of the extensive use of hyperlinks, accessing *Tools* in electronic format is recommended.

Considering a Public-Private Alliance lays the groundwork for considering what constitutes an alliance, the business and government case for working together, leveraging, and strategic planning.

Engaging Partners introduces the reader to initial outreach efforts, the appropriate way to contact for-profit partners, due diligence, and technical assistance.

Constructing an Alliance discusses the important steps of joint planning and documenting agreement among partners, as well as procuring goods and services to carry out alliance activities.

Managing an Alliance discusses the operational structures and mechanics required to maintain an alliance, including governance, monitoring and evaluation, and reporting.

The *Tools* in each section contain resources providing frequently asked questions, practical models and examples to address targeted technical issues at a level of detail greater than what is in the text. Throughout *Tools for Alliance Builders* references are made to items in each section's *Tools*, which are hyperlinked to the actual item either on the Internet or in this document.

Extending the Impact of Government, Business, and Civil Society

The USAID Global Development Alliance (GDA) promotes a development assistance model predicated upon the idea of partnership between the public and private sectors, and designed to deepen programmatic impact by combining the interests and capabilities unique to each. In two fiscal years of operation, the GDA business model has leveraged over $2.2 billion in total partner assets through $500 million in Agency funding.

In remarks before Congress in May 2001, Secretary of State Colin Powell introduced GDA as "a fundamental reorientation in how USAID sees itself in the context of international development assistance, in how it relates to its traditional partners and in how it seeks out and develops alliances with new partners."

This 'fundamental reorientation' is illustrated by the shift in resource flows to the developing world over the last three decades. In the 1970's, 70% of resource flows from the United States to developing countries consisted of Official Development Assistance. Today, 80% of those resource flows consist of foreign direct investment, private donation from foundations and other sources, remittances, and movement in capital markets. Official Development Assistance accounts for only 14%.

This shift reflects the emergence of private sector entities as active participants in the development process. The Global Development Alliance assistance model[1] responds to this changed environment, and extends USAID's reach and effectiveness in meeting development objectives by combining its strengths with the experience and capabilities of the private sector.

The GDA assistance model advances development goals through a variety of methods. USAID might work with national and international corporations with a commitment to social responsibility. Or USAID can engage a corporation's direct business interests in a region to guide foreign direct investment or corporate capabilities in product development, marketing, and distribution in support of development goals. USAID also works with local and international partners to lower barriers to market entry for goods serving a public interest, simultaneously improving service-delivery and stimulating economic development. Not to be forgotten as an important revenue source are personal remittances – the Global Development Alliance has brought together partnerships to lower transaction costs and channel remittance flows towards investment rather than consumption. Finally, USAID assumes risk in a variety of operations, thereby catalyzing nascent markets in home mortgages, investment capital, or imports and exports.

Similarly, the resources leveraged are as diverse as the alliances themselves. They include technology and intellectual property rights, market creation, best practices, policy influence, and expertise ranging from international trade to biodiversity protection. Together, the combination of complementary assets has encouraged innovative approaches, more effective problem solving, and deeper program impact.

[1] From the Agency perspective, public-private alliances are a 'new' business model for development. It is worth noting, however, that partnership between public and private sector actors has been a trend for the last decade at least, and that for a number of USAID officers the idea and practice of engaging the private sector is not new.

1. CONSIDERING A PUBLIC-PRIVATE ALLIANCE

The purpose of a public-private alliance is to deliver greater development impact through the combined strengths of multiple stakeholders. Although alliances are not new, the Global Development Alliance represents a more intentional and concerted approach to them, and with a goal to integrate the model into Agency practice. A successfully mainstreamed public-private alliance approach to development is one in which the willingness and ability to identify and engage those intersections is practiced in every program area, in every country where USAID has a presence, and at every level of the Agency.

Alliances do not typically consist of the usual USAID partner arrangements, wherein the strategic objective team decides the problem and solution and then seeks implementing partners through conventional mechanisms[2]. Rather, alliances become possible where private sector interests share a degree of overlap with an operating unit's strategic objective or planned result. Alliances then become a mechanism by which an operating unit taps into additional resources in support of its strategic objectives, and for-profit resource partners enlist USAID's development expertise in support of its direct and indirect business interests[3].

Under what conditions is a public-private alliance appropriate? The answer depends largely on the local conditions faced at the mission level, or regional or global issues at the bureau level.

In Armenia, an already strong degree of donor coordination and the presence of large remittance flows from diaspora populations was conducive to generating alliances reforming the media sector and ramping up assistance in the country's earthquake zone.

In resource rich countries such as Indonesia, Angola, and Nigeria, extractive companies are now taking seriously the need to effect sustainable investments in the communities in which they operate, as well as engage national and subnational governments where program-level impact can most often be achieved. See the Learning Story series on the GDA website (www.usaid.gov/gda) for in-depth treatments of individual alliances in different sectors.

In Mexico and other countries with diaspora populations, GDA has engaged private financial services companies in order to lower transaction costs so that more resources flow to the populations and communities that need them most. Alliances also engage hometown associations in order to channel remittances towards community-level investment rather than household consumption. See also FAQs: Remittances and the GDA remittances report.

A collection of about 200 alliances over fiscal years 2002-2003 indicates that the examples of alliance activity are many and varied[4]. From demand-driven supply chain management to information communication technology skills training among youth to catalyzing nascent markets in a variety of operations, public-private alliances can work wherever private sector interest is corralled by a commitment by development officers to engage the private sector as an important stakeholder in advancing the development agenda.

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[2] Public-private alliances are an innovation in Agency practice because they explicitly call for relationships with other donors and private sector resource partners at the mission or bureau level. However, at the activity level USAID does typically use its more traditional network of implementing partners.

[3] See *The Competitive Advantage of Corporate Philanthropy*, by Michael E. Porter and Mark R. Kramer for a discussion of philanthropy aligned with core business interests.

[4] The GDA Secretariat maintains a listing of these alliances. Contact the Secretariat directly for the full listing.

What USAID and Private Partners Offer Each Other

In the two fiscal years that the GDA Secretariat has endeavored to mainstream the alliance model throughout all levels of Agency practice, discussions between USAID staff, representatives from the private sector, foundations, and NGOs have brought to light story after story of the symbiotic relationship that develops when the public and private sector meet to implement development programs. Practitioners from each sector have come to realize and appreciate the rich lode of skills the other possesses.

> At the July 2003 GDA Workshop for USAID Washington, Administrator Natsios brought his own experience to the group in recounting a conversation with the CEO of a major IT firm. Mr. Natsios asked, "What is it that USAID is helping you with since we've got so little money?"
>
> The CEO was clear in his answer – entrée to government ministries and USAID's deep knowledge of how the national governments work and with whom to work.

<u>The Business and Government Case for Doing Business</u>

What are the incentives for business to work with USAID? Today's emerging consumer markets exist in the same developing countries where USAID facilitates good governance, public health, and economic development. Corporations therefore engage USAID where their direct or indirect business interests can be furthered in those markets, or where their philanthropic interests can be applied. What 'service' does USAID provide that corporations might not find anywhere else? Why might a corporation engage with USAID? USAID offers:

- Funding. USAID disburses approximately $14 billion each year to build human and institutional capacity in developing countries. Through the Global Development Alliance business model, there is now a formal mechanism to actively seek ways to bring matching funds to business ventures related to the development outcomes USAID officers seek to engender.

- Access. USAID can introduce corporate partners to host country policymakers and key institutions. Such contacts can help a firm pursue its non-alliance business interests.

- Development expertise. USAID development officers are leaders in the field of democracy and governance, public health, and economic development, with experience as both practitioners and theorists in facing development problems.

- Long-term in-country presence. USAID's decentralized structure results in mission-level competency and autonomy in advancing country-specific development agendas.

- Relationships with local and global partners. USAID can provide valuable introductions to its vast network of local and international corporations and nonprofits, all potential partners for business.

What are the incentives for USAID to work with business? Firms have an acumen for profit-driven results due to market pressures public institutions do not face so directly, and therefore have their own unique set of competencies. What are the business 'services' USAID can take advantage of?

- Product Development. Well before an alliance with USAID was even considered, Proctor & Gamble invested $20 million developing a product that reduces incidence of diarrhea and other water-borne diseases by up to 50%.

- Funding – cash and/or in-kind resources. After further investment to distribute and market the product in several developing countries, Proctor & Gamble partnered with USAID to invest $3.5 million to test the product in three model market situations. USAID is working alongside this effort to test market viability and evaluate product efficacy in relation to other available technologies.
- Core business service expertise. Firms that commit to social responsibility via what they already do as a business can be a powerful force. In Ghana, the largest retail food chain in the world invested in rural pineapple producers to help them meet European Union and U.S. import requirements. The company could then immediately enter the product in its supply chain to retail markets.
- Product distribution channels. Existing business product channels can be utilized to carry goods of development interest. The social marketing of public health items could then be transported and distributed alongside goods whose distribution was already paid for by market demand.
- Project design better connected to market realities. Development interventions do not always take sufficient account of how consumers will respond. Working with business can help ground USAID officers to better target their programs for better results.

The hoped-for result of collaboration between USAID and private sector partners is that synergies will result from such joint efforts. Alliances are most successful when USAID and business offer complementary skills and multiply value.

Resource Leveraging

A key characteristic of public-private alliances is the leveraging of significant resources defined as follows in ADS 200.6:

- Leveraging significant resources may include financial resources, in-kind contributions and intellectual property.
- Significant resources are considered at least or greater than a dollar for dollar or 1:1 match of partner to USAID resources.

By harnessing or leveraging resources via partner relationships, development activities can leverage deeper development results and eventually have greater lasting impact. To date, rough estimates indicate that USAID has achieved a 4:1 partner to USAID resource leverage. The GDA Secretariat’s database of alliances shows that for FY02-03, $500 million in USAID resources leveraged over $2.2 billion in total partner assets.

While leveraged resources are a necessary condition for public-private alliances, it is by no means the most important or only condition. Mature alliances will include joint planning and decision-making, innovative approaches and/or nontraditional partners, and sharing of resources, risks and development results.

The following four key characteristics, known as the **Alliance Precepts**, are present in successful alliances:

- Joint definition of the development problem and its solution by all development partners in the alliance.

- Agreement between the development partners to share resources, risks and results in pursuit of an objective that can be better obtained with a joint effort.

- Looking toward new partners (or existing partners in new ways) for innovative approaches to get the job done.

- Leveraging significant resources that may include financial resources, in-kind contributions and intellectual property.

Bear in mind that alliances are a return on investment of time and budget over the long term. Though initial outreach and consultation may involve discussions beyond the typical planning process, alliances ultimately produce more attention and resources for development objectives:

- Alliances present an opportunity to at least double resources devoted to a particular development activity being implemented through an alliance
- By working across stakeholder interests, USAID officers can help focus those groups that influence a program's results
- Alliances increase the human resources committed to an objective — the commitment is greater because the investment of real resources and shared risk are tied to core interests
- The solution to a development challenge often can be achieved through an alliance modality

See Preconditions for Success: An Alliance Checklist for further discussion.

In evaluating a proposed alliance activity for impact, the amount of resources leveraged is both a technical and cost criterion. However, the amount of resources leveraged is only one factor governing development impact. Therefore higher leverage does not necessarily mean greater development impact relative to a lower resource leverage. It may, however, reflect greater partner commitment, which can translate into greater sustainability.

In addition to the 1:1 leverage ratio, in 2003 the GDA Secretariat established a requirement that non-public resources should be no less than 25% of the USAID contribution, whether in cash or in kind. For example, an NGO proposes an alliance and requests $1 million in USAID funds, to be matched by a $2 million contribution sourced from the World Bank, another bilateral donor such as the UK Department for International Development (DfID), or another United States Government (USG) agency or department. In this case, the collaboration would be considered donor coordination. To be considered a public-private alliance, at least 25% of the requested USAID funds, in this case $250,000, would have to come from private (non-public) resources. Private resources could be from corporations, foundations, or NGO resources tapped from the private sector, such as private fundraising. The Leveraging Guidelines for APS, as drafted by the USAID General Counsel's (GC) office and the USAID Office of Procurement (OP), is included in this section's *Tools* for additional insight into the concept of leveraging resources.

Some operating units exceed the 1:1 leverage. The Asia/Near East Bureau (ANE) has continually raised the stakes since first promoting alliances. In FY 2003, missions were encouraged to leverage 2:1 in partner resources. In FY 2004, that figure was raised to 3:1 for the bureau's education alliance.

Where Alliances Might Fit in Strategies

While the circumstances surrounding alliance creation differ widely, the basic process of including such alliances in a country strategy is similar to the planning required for any development program, following the precepts of ADS 201.

Alliances in New Strategic Plans
Analytical work at the beginning of a new strategic planning period should draw upon private sector perspectives and experience to assess, by sector, the prospects for alliances to contribute to priority development objectives, examine and engage the range of potential partners (local and international private companies, foundations, NGOs, etc.), and inform mission or bureau decision-making about how best to allocate limited resources towards future alliance building.

Public-private alliances can be planned at the strategic objective or activity level. Crosscutting objectives are particularly useful in order to capture dynamic alliance opportunities that may arise among any of a mission or bureau’s strategic objectives.

All interested parties in a particular sector or sub-sector should be given equal opportunity to engage with USAID during the strategic planning process. Once a strategic objective(s) has been established, discussions may mature into analysis of a specific development issue, strategies to address that issue through joint planning, negotiation towards partnership, and implementation through standard procurement instruments. At this point, consideration of organizational conflict of interest (OCI) must be taken into consideration. See Engaging Partners for more discussion of this concern.

Traditional strategic planning procedures used by field missions may need to be adjusted to accommodate the potential use of alliances as a development tool. See A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances into USAID Strategic Planning for an in-depth discussion of the process of organizing the planning, conducting relevant analyses, formulating the strategy, and planning for implementation of alliances in strategic planning.

Alliances in Mature Programs
As alliance opportunities may arise unexpectedly, whether in response to an emergent corporate social responsibility interest or a sudden turn in a longstanding partner relationship, alliances are often programmed midstream in the strategic planning cycle.

In this context, alliances may be thought of as ‘tactics’ that can be used to contribute to previously approved strategic objectives. For alliances planned at the strategic objective level, there may be discretion within the strategic objective to allocate funds from one activity to another. For alliances planned at the activity level, adjustments often can be made by amending existing grants or contracts.

Alliance Building with Resource Constraints
Incorporating alliances midstream is often made difficult due to the shortage of USAID budget resources available for newly identified activities. Some ways of meeting this challenge are:

- Use **pillar bureau buy-in** mechanisms (or other vehicles) to create a new activity within an existing strategic objective.

  Considerations:

Technical assistance (TA) and procurement support may be available from pillar bureau
U.S. partners are likely to be identified and partner relationships in place
May not necessarily resolve funding constraints for future year funding

An example of this mechanism is the Alliance in Youth Development managed by EGAT/ENV/UP (Economic Growth Agriculture and Trade, Environment, Urban Programs).

EGAT/ENV/UP, in the process of broadening activities focused on HIV/AIDS, employment and conflict mitigation, planned an EGAT-AFR alliance to support youth development. ENV/UP staff, in collaboration with AFR, developed a joint EGAT-AFR alliance, which builds on an existing Leader with Associates agreement and ENV/UP's ongoing, separately funded, alliance relationships with the International Youth Foundation (IYF) and Lion's Club International. The EGAT-AFR plan is to offer the resources available under these programs — both technical assistance and access to the leveraging potential — to any Africa mission that wishes to develop an activity in support of youth development. Strong interest in this option was demonstrated by missions with SOs in HIV/AIDS, employment, and conflict mitigation, given the central role that youth plays in all three sectors. The alliance affords mission support under this arrangement without requiring funding in the initial year, making it an attractive avenue for resource-short missions interested in alliance building.

- **Build alliances around existing grants/contracts** to provide TA support for alliance activity, in parallel with contributions provided by outside partners; partners can be brought in for collaboration and agreement without commingling resources or redirecting existing work.
  Considerations:
    TA services are already in place
    The scope for joint planning is somewhat restricted
    May need to amend grant/contract
    May need to redefine roles and relationships

This approach could take the form of adding new partners that bring their own funding for program components. Partner contributions might include foreign direct investment, purchasing power, lessons learned, combined political influence, proprietary products, intellectual property, complementary skills and services, volunteerism, and increased problem solving and reach.

An example of how this approach can work is the Papua Bird's Head Alliance in Indonesia.

USAID/Indonesia used existing grants and contracts to support alliance opportunities that contributed to mission priorities. For example, one program was building budgetary capacity in Indonesian local government units in response to the recent decentralization law returning 70% of local revenues back to local governments. When BP began construction of a natural gas processing plant in a resource-rich, previously untargeted region in a remote province, there was obvious need to build capacity in the local government to properly handle the influx of resources from the gas plant and returned to the local government via the decentralization law. The mission successfully expanded existing activities to that region as alliance activities.

While the mission's resources were committed under several sectorally focused Strategic Objective Agreements (SOAgs), these did not require amendment or renegotiation since the alliance activities were entirely consistent with the objectives defined in them. Rather, a coordinating mechanism was needed within the mission to ensure management of activities by individual SO Teams. The mission was sufficiently integrated to support the cross-sector alliance program. Where contract or grant amendments were required, contractors were responsive and more than willing to cooperate, as they saw the benefit to the program of mobilizing additional resources under the proposed alliance. However, an amendment outside the contract scope of work or grant program requires adequate justification and must be approved, which may at times prove difficult and/or time consuming.

- **Reallocate resources within a Strategic Objective Agreement (SOAg)** to fund new grant/contract support for alliance work.
  Considerations:
  This is a clean start — permits competition, joint planning, and clearly-defined partner relationships from the outset.
  However, it may be necessary to renegotiate with the host country government

- **Seek out partners that can bring their own funding**.
  Considerations:
  This offers a potentially high return on investment of staff time, but with no guarantee of success.

This is not just a theoretical point, but builds on what is routinely practiced by many USAID missions in their donor coordination work. When this concept is broadened to embrace privately funded development programs and is done with focus and continuity, it can produce significant results, as is illustrated by the experience of the Brazil mission. A USAID officer successfully 'leveraged' the activities of other bilateral and multilateral donors and private foundations to support local USAID objectives by regularly convening consultative donor meetings and advocating greater coordination in support of specific sectoral goals.

- Use **GDA Secretariat or Bureau Incentive Funds** to create a new activity or scale up existing activity supporting an existing SO.
  Considerations: Additional resources
  Clean start – permits competition, joint planning, clear partner relationships
  Not available to all

If a mission identifies an opportunity to build an alliance in support of their existing program, but cannot free up adequate budget resources, there are sometimes limited resources within the GDA Secretariat or perhaps through a mission's parent bureau.

Bear in mind that USAID's Development Credit Authority (DCA) works as an alliance, providing a variety of partial guarantees to private lenders and investors to finance development activities. See this section's *Tools* for details and examples.

Tools

- Illustrative Learning Story: Armenia Earthquake Zone Recovery Program

Tools for Alliance Builders

- FAQs: Remittances
- GDA Remittances Report
- Learning Stories on Alliances
- Preconditions for Success: An Alliance Checklist
- Leveraging Guidelines for APS
- A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances Into USAID Strategic Planning
- Development Credit Authority and Alliances

2. ENGAGING PARTNERS

The process for determining alliance partners is shaped by the desired development impact and the universe of stakeholders that influence the outcome of that impact. A result of this analysis is that all stakeholders defined by the development issue become potential partners, and all potential partners should be a part of the discussion for as long as they remain interested in joining the alliance.

Partners can be as diverse as the alliances themselves, including NGOs, foundations, universities, associations, small and large businesses, multilateral or bilateral donors and government entities. They may be located in the U.S., the host country or a third country.

NGOs and non-profits represent a familiar community to USAID, while the private sector may be new territory for USAID officers. Early steps for engaging private sector partners might include determining the organizations that make the largest investment in the sector or region, speaking at Chambers of Commerce or industry events, meeting with trade associations, hosting a forum for potential private sector partners, or conferring with Embassy Commercial Attaches or Ministries of Commerce.

For an introduction to analyzing possibilities for identifying a private sector resource partner, see Thinking Strategically About Alliances: Identifying a Private Sector Resource Partner.

Targeting Potential Partners

Trade and Member Associations
Associations serve as an industry focal point and often represent key organizations within a particular industry. They may provide one of the best networking opportunities, as they work closely within and across industry stakeholders to advance the common, collective interests of member organizations. Associations can assist with contacting member companies, often produce directories indexing member and industry organizations, and can serve as a conduit for alliance ideas with member contacts. Often, they are excellent candidates for alliances themselves.

Associations may be most simply located through an Internet search. For example, the search string: "Association, Fruit Producers, Latin America," pulls several listings as well as news articles that cross reference U.S.-based associations, such as the National Fruit Producers' Association. U.S.-based associations are likely resources for identifying international groups, as they commonly interface on international issues such as commerce and trade.

Also helpful may be the membership link on the web site of an association or industry group. Such sites often provide member listings that link directly to the member company. For example, the International Chamber of Commerce offers a hyperlinked list of member international businesses.

Engaging For-profit Companies
Where the regional or local branches of multinational corporations exercise a degree of autonomy over corporate social responsibility (CSR) and investment funds, it is appropriate for bureau and mission-level personnel to interact with these offices as part of the process of engaging partners. However, field personnel may manage and implement programs while

key decisions require headquarters' approval. In these cases, the GDA Secretariat can assist in contacting headquarters offices.

Field officers should also be aware of coordinating communication with private sector players, particularly those with highly visible corporate social responsibility programs, such as Microsoft, HP or Coca-Cola. If negotiations with a well-known firm mature, the Secretariat may be able to report whether an alliance with the organization exists, reference other USAID staff that have worked with the organization and can provide background, or advance contact with the organization directly.

At the mission level, engaging the host country private sector can be the most difficult aspect of alliance building, but also most rewarding in terms of activity sustainability and impact. In many areas where USAID works, the private sector is the subject of USAID assistance and it may seem contradictory to look there for resources. However, engaging and negotiating with host country partners can facilitate new business linkages and identify new opportunities for small and medium enterprise (SME) development.

One method currently used by missions is to conduct a public-private business forum. The Zambia mission used the occasion of a new country strategic plan to kick-start the alliance building process, while in Armenia the event was situated in the context of their Annual Program Statement calling for proposed alliances. In Macedonia, a public-private business forum focused on issues related to competitiveness and European Union accession, which include provisions favoring business involvement in corporate social responsibility.

While it is too early to report fully formed alliances from this form of outreach, initial success in sparking interest and discussion among host country public and private sector entities suggests it can be an effective tool in cultivating local private sector partners.

Whether at the mission level or in Washington, when engaging partners new to USAID, it is helpful to provide briefing materials on the country development programs and on various aspects of USAID operations to expedite learning, promote understanding and trust, and encourage transparency. A short document summarizing key points of interest to corporate executives about the Agency has been prepared for this purpose. See the Introduction to USAID for the Private Sector.

Engaging Resource Partners and Limits on Fundraising

When seeking partners who are likely to bring additional resources into a prospective USAID alliance, USAID officers need to be aware of legal considerations that may apply. See GC's Guidance Memorandum on Solicitations.

Using Solicitations to Identify Potential Partners

Increasingly, USAID operating units have used formal solicitations to elicit interest in participating with USAID in an alliance. These can take a variety of approaches.

One approach, developed and used by the GDA Secretariat, is to issue a request for applications (RFA) or annual program statement (APS) to solicit proposals exclusively for public-private alliances. Under this approach, the minimum acceptable leveraging requirements are clearly defined (originally 1:1 though requirements can and have been set higher in many cases), but respondents are allowed considerable discretion in the technical proposal. Indeed, following the model of the GDA FY 2003 APS, respondents were invited to submit proposals across a broad range of USAID's development sectors. Other such solicitations have limited the respondents to proposals designed to contribute to a stated strategic objective.

Field missions have also used this approach. Two recent examples are:

- *USAID/Armenia Public Private Alliances* (Closing date: 31 December 2004, APS GDA-111-04-004)
- USAID/Philippines' *Public-Private Alliances in USAID Education Strategic Objective: Increased Access to Quality Education and Livelihood Skills in Selected Areas* (Closing date: 30 March 2004, 492-GDA-04-001).

Another approach is to issue a solicitation that is not limited to alliances but clearly states that the alliance model is to be considered and will be given preference in the evaluation of proposals. Some examples include:

- PEPFAR: *APS To Provide Support to Orphans and Vulnerable Children Affected With HIV* (Closing date: 5 Jan or 31 Dec 2004, APS-M-OP-04-189)
- Ukraine, Belarus and Moldova: *Mitigating the Impact of Those Affected by HIV/AIDS* (Closing date: 30 Oct 2004, APS 121-04-002)
- Nigeria: *Enabling Environment* (Closing date: 27 Feb 2004, RFA 620-04-003)
- USAID Washington: *Implementation and Extension of Wheelchair Services For Civilian Victims of War and Other People With Disabilities* (Closing date: 31 January 2005; M-OP-DCHA-DOFDA-03-1344)
- Angola Mission: *Enhanced Household Food Security in Targeted Communities* (Open until 30 Sep 2005; APS-690-04-0014).

In the above cases, bonus points may be awarded for those proposals that bring in leveraged resources from a private sector partner. For a fuller treatment of this topic, please see GDA Language in Solicitations and Sample Solicitation Alliance Language: Mali.

Early involvement of a contracting officer is encouraged when considering this approach to engaging alliance partners.

Finding a Good Fit

Because differences exist between public and private institutions - in organizational culture, focus, and practice – these differences can be expected to manifest themselves in public-private alliances. If an alliance draws upon these differences as a form of comparative advantage that is multiplied by joint planning and action, then it can be successful. If, however, the differences lead to repeated disjuncts that impede implementation of the activity and possibly lead to embarrassment and criticism by both parties, it may become evident that, in a particular situation, the public and private sector spheres of activity should remain separate. Alliances are not always appropriate or even feasible for any given development problem.

When evaluating further differences between public and private organizations, consider the following:

- *Accountability*

A business is answerable to shareholders for financial gains or losses. If its programs do not produce time-certain results or products are late, organizational and personal financial resources are at stake. For partners, this may result in increased pressures for results, which may influence the style of correspondence, meetings, decision-making, timing, program management or results reporting.

- *Decision-Making*

A company's portfolio of activities should, by accountability to shareholders, advance the company's commercial interests — market share, supply chain, regulatory policy, workforce development, research and development, as well as reputation and social responsibility.

- *Culture*

Without the same parameters of government protocol, businesses may perceive bureaucracy or procedural rigidity as obstacles in working with a government agency such as USAID.

It is not only the differences between the two sectors that must be made to work for an alliance; a significant degree of congruence in goals, mission, and strategy must also exist for collaboration to work. Field officers should understand where USAID fits into a company's strategic interests. A firm can propose collaboration in order to further its core business interests in order to generate increased profits, or as a reputational gain through its CSR regime. Field officers must be cognizant of the business perspective and stake in the activity.

James Austin of Harvard Business School suggests developing a *partnership purpose and fit statement* as a joint planning exercise[5]. Questions that might generate a purpose and fit statement include:

- What are you trying to accomplish through the collaboration?
- Where does your mission overlap with the potential partner's mission?
- Do you and your potential partner share an interest in a common group of people?
- Do your needs match up with your partner's capabilities, and vice versa?
- Would the collaboration contribute significantly to your overall strategy?
- Are your values compatible with your prospective partner's?

It is important to note the overlap between the above questions and the questions that should be asked when identifying and assessing a potential partner. Further, it is necessary to review the due diligence process that follows as the relationship matures.

Checking Each Other Out

Due diligence is a risk-mitigation exercise to reduce opportunity for poor business practice to reflect upon an organization's partners. As discussions with potential partners mature, alliance builders should assess an organization's past performance, reputation, commitment to relevant standards and protocols, and future plans.

In addition to focusing upon business performance in its core service, due diligence also investigates a business partner's commitment to the triple bottom line of profit, environmental accountability, and social responsibility. Demonstrated commitment to the triple bottom line, as well as to various human rights standards and protocols, signals a readiness and ability to work with public sector partners such as USAID.

When conducting a due diligence investigation, remember that it is not feasible to be exhaustive. For small alliances particularly, too much due diligence can kill the transaction. Due diligence should begin as soon as negotiations with partners progress beyond the

[5] *The Collaboration Challenge: How Nonprofits and Businesses Succeed Through Strategic Alliances*. Austin, James. Jossey-Bass Publishers, San Francisco, CA.

'getting to know you' stage, and continue on an ongoing basis for as long as the relationship exists. For example, USAID/Madagascar found that it needed to assess the ethical and due diligence of partnering with a mining firm largely owned by a multinational mining company. In this case, the mission found that they needed to undertake an extensive and comprehensive due diligence investigation for the partnering process. See the Due Diligence Guide and FAQs: Mitigating Reputation Risk.

To initiate the due diligence process, USAID staff can begin their search in-house. The GDA Secretariat subscribes to a database service through Calvert Social Research (www.calvertsocialresearch.com) that tracks the social responsibility records of thousands of organizations. Contact the GDA Secretariat at 202-712-4418 for assistance. In addition to the Due Diligence Guide, the GDA FAQ's (see *Tools* for next section) contains content on mitigating reputation risk.

The World Bank's Business Partnerships and Outreach Group has developed ethics criteria for businesses through the United Nations Global Compact's Nine Principles http://www.un.org.tr/undp/docs/gc/9principles.htm.

To see if the firm endorses the Global Sullivan Principles of corporate social responsibility, see http://globalsullivanprinciples.org/.

The U.S. State Department has developed Voluntary Principles on Security and Human Rights for extractive companies in the developing world. Business for Social Responsibility (BSR) maintains a secretariat to manage the process of integrating and implementing the principles into corporate governance and behavior.

Getting Help

The GDA Secretariat serves as the Agency's technical office for public-private alliances by coordinating outreach to partners and providing technical assistance to operating units. Strategic alliances can be worldwide and involve dozens of strategic partners. They can also be highly focused and involve only a single country, activity or pair of parties to the alliance. Accordingly, different types of technical assistance may be needed at different Agency levels[6].

Through its concentration of work on alliances and CSR, the Secretariat has met and networked with hundreds of organizations, from private sector companies to foundations. The Secretariat may be a direct help in finding or contacting a potential partner.

As mentioned above, the Secretariat subscribes to a commercial database that can search a company based on its social contributions, legal filings and public records, ethics standing and performance. Once a partner is identified and alliance talks are underway, the GDA Secretariat strongly recommends that a search be conducted from this database as part of the due diligence work that should accompany alliance building.

While the Secretariat plays a central coordinating, outreach, and support role, bureau and mission officers can look to the Secretariat for assistance in their own alliance building efforts. Please contact the GDA Secretariat with ongoing questions as well as inquiries

[6] In FY04, the Secretariat is deploying regional alliance builders in WARP, REDSO, RCSA, and the Caribbean to serve as GDA 'champions' and provide ongoing technical assistance and coordination support for alliance activities.

regarding available technical assistance and requests for searches of the due diligence database.

See the Alliance Resource List for a list of resources on non-USAID experience with and approaches to public-private alliances and corporate social responsibility.

Tools

- Thinking Strategically about Alliances: Identifying a Private Sector Resource Partner
- Introduction to USAID for the Private Sector
- Guidance Memorandum on Solicitations
- GDA 2003 APS
- GDA Language in Solicitations
- Sample Solicitation Alliance Language: Mali
- Due Diligence Guide
- FAQs: Mitigating Reputation Risk
- Alliance Resource List

3. CONSTRUCTING AN ALLIANCE

Convening Partners

The first meeting of prospective alliance members is exploratory; generally, the partner that is initiating the alliance will take this step. The goal is to build trust and commitment. When contemplating an initial meeting of potential partners, consider the following:

- *Who convenes?* It is important to identify an individual or organization that is well regarded by all parties. The convening individual or group needs to have credibility with all prospective alliance members.

- *Who attends?* It is also important that those with appropriate organizational responsibility and position attend the meetings. Oftentimes, such meetings require attendees possessing clear authority to speak on behalf of their organizations.

- *Where?* The actual meeting location must also be considered. For an initial few meetings, it may be best to identify neutral ground. This prevents the meeting from being perceived as under one organization's control. Some circumstances may require that participation by one of more members be by teleconference or electronic conferencing. The technology for electronic conferencing is readily available.

- *Who moderates?* The convener often fills this role. If choosing a moderator for the initial meetings, find a facilitator who allows alliance members to raise issues without getting bogged down in unproductive discussions.

- *What is discussed?* An agenda for the first meeting might simply focus upon two things: personal and organizational introductions and a sharing of viewpoints about the common cause or issue that has brought the alliance together. If the organizations have not had a history of interaction, the meeting might appropriately end with only a summary of viewpoints written for distribution.

If the meeting members already know each other, they might move directly to determining their collective vision of the problem and its solution.

Setting Direction

Alliances often encourage looking at old problems in new ways, bringing energy and creativity along with shared solutions. This happens most easily if the alliance members begin with a shared understanding about the nature of the problem and ideas about possible solutions. Steps you might take together include:

- Defining the Problem

Successful problem definition involves identifying a meaningful junction of the interests and needs of alliance members. Bringing representatives of all interested parties to the table is highly desirable.

Equally desirable is for the alliance members to seek out and bring to the discussion the positions and strengths of those who might oppose the work of the alliance so that issues can be addressed. Some questions to answer are:

- What is the nature of the problem that this alliance might solve?
- Why is it advantageous to organize an alliance to solve it?
- How are the stakeholders affected by the problem?

- Brainstorming Solutions

Noting the importance of having the beneficiaries' support, describe each member's stake in the problem and identify solutions to it (without getting bogged down in tasks, resources, personalities and histories). This is the time to clarify the vision of the alliance, its goal and strategic objectives, and establish a climate of hope and a willingness to work together. Some questions to answer are: To what extent are resources from different alliance members required? What skills, human and/or material resources does each member have that could help solve the problem? Is there another organization that should be brought into the alliance?

- Identifying Local Allies

For mission-level alliances in particular, there are often local organizations already active in solving the problem. They may already be working in partnership with other public or private entities. In the public sector, different agencies at various levels of local government often collaborate to address a particular issue, based upon their mandate, interests and resources. In business, joint ventures, trade associations, and federations are common. And in civil society, NGO coalitions are often formed around common issues or relationships to more effectively utilize resources. Some questions to answer: What are the local organizations active in solving the problem (and who are the key actors in the organizations)? Among these, are there organizations with the capacity to become donor members of the alliance? Are there organizations with the capacity to become implementing partners?

<u>Advancing the Alliance</u>

In subsequent meetings the prospective alliance partners can further develop goals and objectives. Key questions to consider are:

- *How should actions be implemented?* Open lines of communication are vital, as are clearly defined planning rules (e.g., something akin to the logical framework which helps the alliance set lower order outcomes and outputs, and roughly identify inputs and cost estimates). The implementation of major action plans may involve recruiting new alliance members (or implementing partners) that may not have been part of earlier problem-solving discussions.

- *How will resource allocation take place?* Each member has distinct financial, human resource and technological capabilities. This issue often becomes a sticking point during the implementation process. Alliance members need to discuss resources continuously—i.e., who's providing what and when—in order to ensure that the issue remains well understood from the outset.

- *How can alliance members implement detailed plans in ways that respect their particular interests?* Action planning may bring out further points of difference between the alliance members. It is important to respect these differences at all times. Differences exist in every alliance and accommodating them is a necessary component of successful alliances.

Examples of Joint Planning
One clear lesson learned from alliance experience to date is that private partners like to be involved from the ground up and, when they are, both the alliance design and level of partner commitment are strengthened. Ideally, this involvement begins with defining what development problem the proposed alliance aims to address.

There is no formula for a successful joint planning process. Joint planning can take place on-site or off; it can involve all partners or only key partners; it can start with only the vaguest notion of what could be done, or with a well-articulated proposal developed by one or more potential partners. It can follow a systematic, structured process or evolve in a more ad hoc fashion. The crucial ingredients are a willingness to consider a range of ideas, a clear-eyed view of each partner's objectives, an ability to identify where there could be areas of overlapping interest, and time to allow for problem solving by and among partners as the process proceeds.

Two years of alliance building has yielded good examples of joint planning, such as:

- Ghana Food Industry Development Alliance. Extensive discussion with USAID mission staff and contractors led food retailer Royal Ahold to shift from general CSR interest (such as financing a hospital or similar 'one-off' investment) to working in alliance with USAID to improve the quality of Ghana's fruit and vegetable exports.

- West Africa Sustainable Tree Crop Program. This alliance originated from the cocoa industry's commitment to expand environmentally sustainable cocoa production. However, as a result of USAID and International Labor Foundation engagement in alliance planning, the alliance broadened to embrace the larger social concern for raising cocoa farmer incomes and reducing child labor. Planning for the alliance followed a step-wise process, beginning with a workshop bringing together researchers from industry, academia, and the international research community in which they developed a broad programmatic framework of research and farmer training interventions, then convened a follow-up conference which enlisted governments and donors as stakeholders. This approach represents a very deliberate and structured planning process of bringing in partners in successive stages – first to develop and then operationalize a program strategy.

- Papua Bird's Head Alliance. USAID shares planning with BP, the primary resource partner, with limited involvement from implementing partners. After USAID and BP developed a framework for collaboration, meetings with all partners focused on operationalizing the alliance.

- Sustainable Forest Products Global Alliance. USAID used the occasion of a Forest Leadership Forum to shop an alliance concept among 1,300 industry leaders in forest products. USAID not only developed the concept further through consultation, but also cultivated potential partners.

Organizational Conflict of Interest
Planning collaboratively with alliance partners, one or more of who may well become USAID's implementing partners or otherwise receive USAID funds, requires careful attention to organizational conflict of interest (OCI). The Supplementary Reference to ADS 201 and 202, *Legal and Policy Considerations When Involving Partners and Customers On Strategic Objective Teams and Other Consultations*, discusses what constitutes OCI and what restrictions must be placed on partners to avoid it. In brief, OCI restrictions do not apply when outside organizations participate in:

1. Discussions regarding concepts, ideas or strategies, i.e., the stage prior to identifying possible implementation instruments
2. Discussions regarding ongoing and completed activities (whether under contracts or assistance instruments)
3. Matters involving only assistance (not contract) instruments, both during the competition stage and once the activity is in progress

When discussion on activity design shifts to selection of the proper implementation instrument, USAID officers must also consider programming, procurement, financial considerations, and agreement documentation, as discussed below. Refer to the Legal FAQs, specifically Legal FAQ #3, as well as the Procurement FAQs.

MOUs and Their Roles

Public and private partners engaging in long-term planning and/or considering a type of collaboration under which each will be responsible for bringing their own resources to the alliance may wish to formalize agreement through a Memorandum of Understanding (MOU) or Letter of Intent, legally non-binding, non-obligating agreements.

An MOU describes the intentions of the alliance members to proceed with a given course of action. An MOU may be used to publicly formalize the commitment of partners to develop an alliance, or finalize and document the results of joint planning, in essence - codifying the undertakings of all parties to the alliance to achieve the stated objectives.

MOUs vary greatly in degree of specificity, and no standard format exists (see FAQ's: Legal #6). The ANE Bureau frequently uses MOUs as an implementation planning document, and has worked closely with the GC's Office to construct a checklist. The following elements which are part of that checklist should be considered as common to most or all MOUs that are used in this way:

Partner organization details The name of each alliance partner, the contact person with contact details, and a brief description of the organization.

Goal and objectives: A description of the problem the alliance was formed to solve and why the alliance is a good way to address the problem; what the alliance's goal is in solving the problem; and, what the alliance strategies are for reaching the goal.

Operating principles: Alliance members must have a general understanding of how the alliance will manage its program. This includes:
- A description of any special administrative structure required by the alliance (including anticipated working groups and committees)
- How decisions will be made
- How conflict will be resolved
- How the agreement can be renewed, modified or terminated
- The end date for the agreement

Roles and Responsibilities of alliance members: Describes what each member gives to and gets from the alliance; provides a preliminary view of the resources that each member will commit — core resources, program and/or project resources (financial and non-financial); and, sets out the alliance's implementation timeline.

Accountability: Notes how the program performance of the alliance is expected to be measured, whether an independent audit of the alliance's financial arrangements will be undertaken, and how adjustments will be made to the alliance.

Disclaimer: While all MOU's properly carry some sort of disclaimer, USAID General Counsel has issued the following as recommended: "The purpose of this MOU is to set forth the understandings and intentions of the Parties with regard to these shared goals. The Parties are entering into this MOU while wishing to maintain their own separate and unique missions and mandates, and their own accountabilities. Nothing in this MOU shall be construed as superseding or interfering in any way with other agreements or contracts entered into between two or more of the parties, either prior to or subsequent to the signing of the MOU. The Parties further specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any party." See ANE's Webcast PowerPoint on MOUs in this section's *Tools*.

In addition to setting out the operational framework for the alliance, an agreement of this nature can be an important document because it conveys the objectives and intent of the alliance and may be used to explain the alliance to others and potentially leverage increased resources.

Because MOUs can characterize the agreement of partners at different stages of their collaboration, the content and scope of MOU's may vary accordingly. For instance, a $20 million partnership between Shell Oil[7] and USAID/Nigeria preceded activity design. Therefore, the MOU was essentially an 'agreement to agree' whose purpose was to provide "a framework within which specific projects may be jointly developed and implemented in Niger Delta communities".

The MOU further stated that subsequent activities would be documented by addendums; upon activity design three months later, an addendum was issued announcing the intention "to enhance economic opportunities in selected states in Nigeria by focusing on cassava production and processing capacity".

A $20 million partnership with ChevronTexaco in Angola, by comparison, was documented in an MOU that followed detailed negotiations and consensus over planned activities. These activities followed activity design but preceded implementation, thus allowing for programmatic refinement in response to local conditions.

In considering and negotiating MOUs and similar agreements, there will of course be a need to prepare documents that meet the needs of a specific alliance. GC or RLA assistance should be sought as early in the alliance building process as possible in negotiating and drafting the MOU or similar document. While an MOU itself is not an obligating document, it may contemplate or accompany a future grant or contract award by USAID. If this is the case, M/OP or Regional Contracting Officer (RCO) assistance should be sought with respect to the choice of instrument and the procedures to be followed.

See the ANE Bureau's Webcast on MOUs, drafted with GC.

Working With USAID Procurement Requirements

Because MOUs do not obligate USAID funds, USAID procurement instruments must still be used where USAID funding is required to carry out alliance activities. While public-private

[7] Specifically, the Shell Petroleum Development Company of Nigeria Limited (SPDC)

alliances may differ in some ways from traditional USAID procurements and implementation, the principles of competition, fairness, and transparency in procuring goods and services from implementation partners apply equally to both. In most situations, procurement instruments traditionally used by USAID can be used to support an alliance. In other cases, the conventional form of contract, grant or cooperative agreement may not be appropriate. As always, the appropriate operating unit should work closely with legal counsel and procurement staff early on in planning and working out alliance details.

An important consideration in deciding on the type of procurement instrument best suited to alliance implementation is the nature of the relationship that USAID wishes to have with the alliance partners, especially those to which USAID is providing funding. Typically, cooperative agreements are used to support a program where oversight is limited but joint planning and collaboration are important, and are thus well suited to partnership models such as public-private alliances.

The following scenarios illustrate ways in which procurement instruments may be used in alliance building. There are, of course, many possible variations on these. The FAQs: Procurement should be studied alongside this section.

RFA and Award Following USAID Agreement With Alliance Resource Partner
In the course of developing a new strategic plan, or a new activity under an established strategic plan, USAID and one or more resource partners decide to join forces to pursue common objectives. The partners may, but are not required to, negotiate their collaboration and define their alliance in a formal but non-binding MOU identifying objectives, proposed resources, roles and responsibilities, and governance mechanisms among other points. Note that in this case the MOU precedes procurement of specific activities under standard obligating instruments.

Assuming that implementation decisions include award of one or more cooperative agreement by USAID, the appropriate operating unit will then prepare a Program Description and other pre-obligation documentation and work with the responsible Agreement Officer to issue and process a Request for Application (RFA). The agreement between resource partners may then be adjusted by subsequent MOUs as the alliance matures to encompass activity design, reflective of additional understandings and possibly with a longer time frame than the cooperative agreement resulting from the RFA.

While cooperative agreements may be the most suitable existing procurement instrument by which to implement alliance activity, nothing prevents implementation through a contractual mechanism. However, given the joint decision-making and resource- and risk-sharing nature of public-private alliances, cooperative agreements fit the model well. USAID is currently exploring the possibility of developing obligating instruments specifically tailored to the unique nature of public-private alliances. Contact the GDA Secretariat if you are interested in learning more about this work.

APS or RFA Issued By USAID to Identify Potential Alliance Partners
This approach to initiating public-private alliances is to issue solicitations requesting applicants to submit alliance proposals that meet stated development objectives. The GDA Secretariat issued an Annual Program Statement (APS) for FY03, and a broadly worded RFA for FY04. USAID/Armenia issued an APS to engage local partners for FY04. USAID/Mali issued broadly worded solicitation language in their RFAs and RFPs to attract alliances in all its sectors of operation.

Under this approach, implementation partners bring in resource partners, ideally after conducting due diligence (and in some cases after executing MOUs among themselves)[8]. The winning applicant is then awarded a cooperative agreement or other instrument. Following the award to the implementing partner, it might also be appropriate for the most relevant USAID operating unit and resource partners to prepare a formal MOU between them.

The advantage of an APS or other open solicitation instrument is that the burden of identifying resource partners and negotiating an initial alliance agreement falls on the applicant. The disadvantage is that some of the functions of the alliance convener may shift to an alliance partner, which can place resource partners at arm's length from USAID and negatively affect buy-in and commitment.

A further consideration is that a large number of programmatic decisions will already have been made by USAID before a winning partnership is selected. This may mean that USAID's ability to listen and respond to a partner's needs and core business interests by negotiating and adjusting objectives is limited. There is also the possibility that the bidding competition may turn into a contest for dollars leveraged rather than for quality of program offered, which may adversely affect development impact.

Modification or Follow-on of Existing Award

In many cases, existing activities have evolved into fully leveraged alliances by modifying the obligating instrument or adding a follow-on agreement in order to accommodate new resource partners.

The new resource partners might deliver their contributions directly through parallel financing, or channel resources through established implementing partners. The latter approach uses ADS Chapter 303 Procedures and Standard Provisions. The business and programmatic risks are therefore equivalent to the risks normally encountered in obligating agreements and the process by which they are awarded.

In the event of outside contribution, the funding partner and recipient would independently negotiate an agreement that, if needed, could then be incorporated into the USAID obligating instrument via modification. Monies or other in-kind resources received from the partner would then be reflected as cost share, and managed according to the provisions of 22 CFR 226.

USAID's General Counsel advises that USAID officials may seek contributions from individuals, corporations and foundations for USAID projects and activities, or for the projects and activities of other organizations. See Guidance Memorandum on Solicitations. However, a number of conditions need to be met in order to avoid potential conflict of interest problems. GC has prepared guidance that outlines procedures for officers who may wish to undertake solicitations for contributions to USAID's or other organizations' projects and activities. Note that these procedures do not apply to donor coordination efforts or requests for cost-share contributions, and in general do not apply to instances in which USAID does not initiate the fundraising activity. Agency guidance regarding receipt of donated funds can be found in ADS Chapter 628, *Gifts and Donations and Dollar Trust Fund Management*. See also the FAQs: Gifts and Donations.

[8] Though not as common, it is also possible for resource partners to respond by enlisting implementing partners as solicitors.

If USAID officers actively solicit outside contributions towards an implementing organization's cost share requirement, there are some important issues to consider:

- potential resource/funding partners must be committed to the alliance
- the potential recipient organization must have already agreed to participate
- the alliance activity should be aligned with the existing program scope
- potential funding partners must demonstrate strategic congruence with USAID

Unsolicited Proposals
Unsolicited proposals for alliances should be managed under normal procedures, as articulated in ADS 303.5: "Awards may be made … without the benefit of competition where the application clearly demonstrates a unique, innovative, or proprietary capability, represents appropriate use of USAID funds to support or stimulate a public purpose, and fits within an existing strategic objective. To qualify as an unsolicited application, it must be submitted to USAID solely on the applicant's initiative without prior formal or informal solicitation from USAID." An exception may not be needed if the proposal falls within the scope of an APS or a posting in the Catalog of Federal Domestic Assistance (CFDA). USAID posts information on current programs, and on new programs as they arise, in the CFDA, a web-based database of all Federal programs available to U.S. non-governmental organizations, individuals, educational institutions, and state and local governments.

Grants to For-profit Partners
Unless USAID is pooling resources in an effort to capitalize a fund, most grants are cost reimbursement grants allowing for periodic advances rather than immediate disbursement of the total grant amount once the grant is signed. In some instances, alliances need immediate start-up capital to proceed. See Financial Arrangements below.

Advance payments are usually reserved for non-profits but may be made available to for-profit entities on a limited basis. For-profits will be granted advance payments only if they meet one of the following criteria: delivery and/or performance requires the contractors and/or recipients to have large amounts of working capital; they do not possess such amounts; the for-profit is providing advances to grantees; and rare exceptional cases[9].

If a for-profit decides after a grant agreement is already settled that advance payments are necessary, an agreement modification must be performed. This process can take up to 45 days, and even then there is no certainty of issuance.

Public Notice
As discussed, requirements for providing public notice of pending procurements can be met by issuing an Annual Program Statement (APS) or other open solicitation. This provides blanket coverage for the public notice requirement, while allowing potential partners room to generate concepts on their own timeline.

Exceptions to Competition
Alliance builders are encouraged to use the exceptions to competition to the extent they are necessary to facilitate the formation of an alliance. If deviations or exceptions are required, established procedures must be followed, per ADS 303.5.d. Relevant exceptions include amendment and follow-on and predominant or exclusive capability. In all instances, any

[9] For non-profits, if an advance is allowed, funds may only be made available for 30-day periods. A grantee may receive multiple 30-day advances but must liquidate all funds, as there are penalties and interest that apply when USG monies are held. See Payment Structures: Lessons from Building Alliances for an extended treatment of this issue.

envisioned non-competitive approach should be coordinated with the Agreement Officer early in the planning phase.

Financial Arrangements

The funding arrangements for an alliance can be placed into two categories: a) parallel financing and b) pooled resources.

Parallel Financing
Under this approach, each partner establishes its own mechanism to provide resources - in cash or in kind - to support the alliance's work. Funds are tracked separately. The parallel financing approach makes up the majority of the Agency's alliances.

USAID will generally award a grant or cooperative agreement to an implementing partner, although there are situations where issuing a Task Order under an Indefinite Quantity Contract may be expeditious and appropriate. A corporate resource partner, in addition to awarding an implementation contract or grant to a third party, has the option of providing resources in kind directly, through its internal structure. This option has been followed by partners in a number of the education alliances, to provide computer hardware as well as software licenses.

Pooled Financing
Where alliances include major international donors and foundations operating on a global scale, pooled resource funding has most commonly been used. Pooled resource alliances can be arranged in several different ways, and include the following:

a) Collaboration with a Public International Organization (PIO), such as UNICEF, WHO, or the World Bank, to manage a multi-donor program initiative. Typically this approach has involved only donor government funding, but could include private contributions as well. In this case, the alliance is essentially a financing mechanism for a special PIO program, rather than an independent collaborative effort that relies on a PIO's financial and administrative services. Under this approach, USAID's grant is made to the PIO following ADS Chapter 308 direction. Deviations may need to be approved, depending on the details of the individual alliance.

Global Alliance to Improve Nutrition (GAIN)

GAIN, an example of a pooled resources alliance, seeks to improve health through the elimination of vitamin and mineral deficiencies. GAIN administers grants to developing countries in support of food fortification and other sustainable micronutrient interventions in order to save lives and improve health. Partners include USAID, The Bill & Melinda Gates Foundation, CIDA, The World Bank, UNICEF, WHO, private food companies, and other NGOs/PVOs. The World Bank received a PIO grant and acts as fiduciary agent over the pooled funds.

b) Collaboration with a PIO or established financial institution to manage the alliance's resources as a trustee or fiduciary agent.

c) Formation of a new legal entity, such as a U.S. NGO that secures 501(c)(3) status under the Internal Revenue Code to facilitate tax-advantaged private contributions.

For options b and c, USAID support typically takes the form of a grant to the NGO established by the alliance, or to the PIO or financial institution that serves as trustee for the alliance's resources. When managed by a PIO, USAID grant funds may be commingled with the funds of other contributors and managed collectively.

USAID will use a tailor-made and generally streamlined form of grant agreement that requires an approved exception to the general requirement of competition, as well as deviations under ADS Chapters 303 and 308.

In making a decision among these options, bear in mind that, in addition to the grant agreement, substantial effort may be required in negotiating the alliance's corporate charter, by-laws, trust agreement, operating procedures and other documents necessary to establish its governance structure. In complex, multi-partner, multi-country alliances a Board of Directors and a supporting technical expert committee and/or secretariat may be called for. Or the alliance members may agree to operate as an informal partnership to direct the policies and programs of the alliance. See the Managing an Alliance section for a fuller discussion on governance.

d) Private Gifts and Donations. Yet another possible pooled resource approach is a jointly funded USAID grant, cooperative agreement or contract that accommodates donations to USAID following the procedures set forth in ADS 628. (Note that contributions to the U.S. Government by individuals and corporations are considered to be tax-deductible charitable contributions under Section 170 of the Internal Revenue Code.) Under this approach, USAID serves as trustee for the management of contributions by other alliance members. This topic is also discussed above in Working with Procurement Requirements.

In its simplest form, this approach might involve the donation by a single company to USAID to increase the funding for an already-awarded assistance instrument. USAID and alliance members also could use this approach to jointly design and fund a new grant, cooperative agreement or contract to implement the alliance activity.

This approach is atypical in that the alliance triggers USAID gift authority, and the resources pooled are absorbed by USAID and are recorded centrally and allotted to the relevant operating unit without commensurate loss of budget by that unit. To date, an alliance in Angola between USAID, ChevronTexaco, and other partners is the only example of an alliance following this approach. While this method is not common, RLA offices and financial management staff can provide advice on this mechanism as needed.

Under certain circumstances specified in ADS 628, USAID can agree to conditions imposed by a donor on their gift. It is up to the official with authority to accept the gift to determine whether the conditions can be agreed to given the type of conditions, administrative burden, donor, size of donation, and other considerations. Conditions regarding memberships on Boards of Directors of private entities raise special considerations and should be reviewed with extreme care. See FAQs on Gifts & Donations for more on this topic.

Endowments
USAID, has in the past, been able to award endowment grants. However, as result of the 2003 and 2004 Foreign Operations, Export Financing and Related Programs Appropriations Acts, P.L.s 108-7 and 108-199, respectively, do not include authority for USAID to make endowments with funds appropriated under these acts. See FAQ's: Legal #5 for more information. This authority had been included in prior year legislation, and to the extent that such funds remain available for obligation they are legally unaffected by this change in the law. However, there are political concerns that should be addressed with LPA before going forward using prior year funds because of Congressional reticence to what is perceived as a loosening of control over USG funds. The case of the Balkan Trust for Democracy (see textbox) is one example of an endowment. In such cases, grants have been made to NGOs to capitalize a fund for NGO long-term activities consistent with the alliance purpose. USAID funds become pooled in the sense that they are consolidated in the grantee's endowment fund. However, policy requires that USAID grant funds must still be accounted for separately.

Balkan Trust for Democracy

The Balkan Trust for Democracy, an alliance between USAID, the German Marshall Fund, Charles Stewart Mott Foundation and others, established a diminishing endowment to finance grants for democracy activities in the region over a ten-year period. The institutional commitment of the key partners to strengthening local democracy sustained their interest during a time-consuming period of consultation, competition, and negotiation under keen U.S. Congressional scrutiny.

Grant proposals are reviewed by a committee composed of GMF staff and officials from selected partner institutions and grant decisions are made monthly. The endowment is managed from GMF headquarters in Washington, DC, with the Board of Directors providing official oversight. While this alliance is considered a pooled financing approach due to the presence of other donors in the endowment, regulations specify that oversight of funds is still required. Two USAID representatives sit as nonvoting board members and exercise grant management as well as programmatic oversight over USAID's EUR 10 million contribution.

Other Statutory and Policy Requirements

USAID statutory and policy requirements apply to all USAID-funded and managed programs. For example, recently questions were raised regarding the applicability of USAID's environmental requirements. See FAQs: Environmental Procedures for further discussion.

Tools

- FAQs: Legal
- Webcast Training: ANE PowerPoint on MOUs
- FAQs: Procurement
- FAQs: Gifts & Donations
- Payment Structures: Lessons from Building Alliances
- FAQs: Environmental Procedures

4. MANAGING AN ALLIANCE

Each activity is managed by the operating unit responsible for achieving the development objectives of the particular activity. This could be a field mission or an office within one of the regional or technical bureaus with operational responsibilities. The GDA Secretariat does not directly manage alliances, but does provide limited oversight and support. In all cases, attention must be paid to governance, monitoring and evaluation, and reporting.

Governance Structures

Management of an alliance will be greatly facilitated when the basic governance structure established by the MOU and/or procurement instrument is clearly defined. It can be assumed that the partners have achieved a high level of trust and have a shared commitment to achieving results. They can maintain openness and accountability to one another by establishing clear agreements on governance procedures. At a minimum, it is desirable to address the following areas:

- Specific roles and responsibilities of alliance partners as well as of their relevant supporting units (e.g., AID/W and State or other USG departments, if appropriate)

- Key elements of governance, such as, frequency of meetings, decision-making processes, participants, need for working groups, outreach to stakeholders/beneficiaries, monitoring systems, etc

- How to resolve differences, should these arise

Global Alliance to Improve Nutrition (GAIN)
GAIN is a 501(c)(3) organization with a Secretariat consisting of a Board of Directors, Executive Director, and ad hoc technical committees.

Addressing governance issues in writing, at the outset of an alliance, will prove invaluable as partner personnel rotates during the life of the alliance, or as new partners are brought in. The document created might be equivalent to a Mission Order, though it does not need to be as formal. It should be a living document, to be amplified or modified as the parties gain more experience working together[10]. See FAQs: Legal #5.

Roles and Responsibilities

- Who are the **principal players**? Who is authorized to make decisions, convene meetings, address implementation issues, provide substantive technical information? It is a good idea to provide a formal list of names, contact information, and level of authority to all relevant participants.

- Who has a **supportive role**, and how should they be kept in the loop (and by whom)? Geographic or central USAID bureaus as well as, in some cases, other USG agencies, may be relevant, as well as partner headquarters organizations. Decisions should be made on the mode and frequency of participation in or information on alliance issues.

- Partners should agree on and practice direct **communication** on all aspects of alliance implementation, at executive and working levels. It may be important to

[10] In alliances where the governance structure calls for an advisory committee, provisions of the Federal Advisory Committee Act (FACA), which regulate the operations of such committees, should be reviewed.

inform each other on the relevant internal processes of each partner, and any changes therein. USAID support offices that find themselves communicating regularly with non-USAID partners involved in alliances should recognize their responsibility to inform the USAID partners of such contacts.

Governance Structure and Operations

Clear 'rules of the game' make it easier for alliance partners to focus on their role in implementation. Alliances comprised of many partners, or regional alliances serving as funding sources for sub-alliances or grants (e.g., Balkan Trust for Democracy, Global Alliance for Improved Nutrition, Sustainable Tree Crop (Cocoa) Program) may require the preparation of formal by-laws and the establishment of working committees, while less complex alliances can operate on a more informal basis. Where alliances include a number of corporate partners who may be competitors and used to keeping at arm's length of each other (as in the Philippines Clean Fuels alliance), provisions need to be made to keep essential information flowing smoothly.

Questions that could be addressed include:

- What is the frequency of **meetings** of the principal governing body of the alliance? Are teleconference meetings acceptable?

- Who **convenes** and who **participates** (actively, or with observer status) in meetings? Should there be working committees (if so, what are their specific responsibilities)? Should periodic open meetings be convened for information sharing and gathering purposes with parties relevant to alliance progress (including beneficiaries)?

Sustainable Tree Crops (Cocoa) Program Governance

The STCP governance structure offers a promising model for multi-country programs: it defines clear and distinct responsibilities between the global, regional, and national levels; it provides a voice for all resource partners on the Advisory Board which sets policy direction and approves national plans; and incorporates a means for program clients (farmers' groups) to participate in decision-making at the national level.

- Who is empowered to **make binding decisions**? Will decisions be made by consensus, by vote?

- Who is responsible for the **agenda**, preparing **minutes** and circulating them? Should minutes be signed by the principals?

- In alliances where partners are pooling their funding, what is the process for **making funds available**? The level and timing of funding needs should be discussed, as well as the likely burn rate of the activity.

- How will alliances work with **beneficiaries, host governments, potential new partners**? To what extent will partners inform each other when they have separate contacts with such groups? The Sierra Leone Peace Diamonds Alliance includes miners, dealers, community leaders, and other stakeholders. A voluntary Code of Conduct is one way alliance partners signal commitment to alliance precepts.

- What kind of **public outreach** is relevant, given the host country situation? Should the alliance develop a joint approach? Does each partner prefer to publicize its efforts separately? Should outreach be aimed at informing, garnering public support, satisfying host government concerns? In some countries, and for some alliances, outreach may need to be aimed at preventing misinformation by others.

- How will partners **monitor and report** alliance progress? Is there a limited set of performance indicators, or 'metrics', that all partners are willing to adopt and use, notwithstanding any additional indicators that they may wish to identify and track? Do partners have reporting requirements that the alliance can help them meet?

Resolving Differences
Conflicts among partners in an alliance must be anticipated. In the interest of good governance it is appropriate to address the issue and identify, at a minimum, principles that should be followed in the event of disagreement.

Such principles include: always proceeding with respect for the other party; clarifying underlying issues; identifying options for resolving the disagreement; being inclusive, not exclusive, of stakeholders who might be able to propose solutions; agreeing at the outset on a procedure for resolving the disagreement; and, agreeing on time limits within which the problem should be resolved.

Air Pollution Reduction Alliance

Since the alliance includes such a diverse group of stakeholders representing environmental organizations as well as the private sector, serious disagreements over issues can arise from time to time. The World Bank, an initial donor and supporter, dropped out of the alliance because it had differences with the government of Sri Lanka regarding how to implement the project.

However, while partners acknowledge these differences of opinion and interests, they view the process of working through disagreements as fundamentally important in learning to work together that will prove beneficial in the long run.

Information on resolving differences can be found at http://www.crinfo.org.

Monitoring and Evaluation

Monitoring and evaluation (M&E) for alliances should be guided by ADS Section 203, which applies to alliances just as it does to any other development activity involving USAID program funds. However, M&E in the context of public-private alliances introduces some special considerations that should be taken into account in M&E system design.

First, input-level monitoring has a particular importance in a public-private alliance. Alliances rely on resources leveraged from multiple partners, and in many cases, these will not be documented in a legally binding obligating agreement, as they are for USAID funding for traditional projects. It will be important to build in a system to track the level of resources committed and disbursed to the alliance by each resource partner, whether these are dollars, volunteer hours, or other kinds of in-kind support. This information is needed to provide assurance to all partners that each individual partner is meeting its responsibilities and there is an adequate flow of resources for meeting alliance objectives. See this section's *Tools* for an illustrative reporting format, excerpted from a recent quarterly report on the Sustainable Forest Products Global Alliance (SFPGA).

Second, output-level monitoring is more challenging in an alliance due to the need to separately track activities being carried out by each implementation partner and to develop common measures for similar activities being carried out by different partners to allow for a 'summing up' of the accomplishments of the alliance as a whole. This is being done in the SFPGA by means of a matrix which lists each activity-level output along with the implementation partner responsible for its accomplishment, and across the top are arrayed the performance measures used for each.

Where an alliance is operating through parallel financing arrangements, it may be possible to do output-level monitoring for each separate funding instrument, although it will be important to coordinate the selection of performance measures across all the funding instruments so that the outputs of individual grants or cooperative agreements can be added together to capture the sum total of alliance accomplishments.

Third, assessing the intermediate results and development impact of an alliance is uniquely challenging. For one thing, rarely will alliance objectives completely overlap with the objectives of a USAID Strategic Plan. Therefore, it may require the development of a separate results framework or similar analysis to clearly define and describe how the sum of alliance *outputs* will lead to the achievement of expected intermediate results and development impact.

For another, different partners may define alliance *success* in different ways and hence be interested in tracking different alliance 'results'. In the SFPGA, for example, IKEA and Home Depot will be most concerned about the levels of green timber production that can be achieved at a given input cost; the World Wildlife Foundation and The Nature Conservancy will be more concerned with measuring the decline in illegal logging; USAID and other development agencies will want to see the impact on farmer income and, in turn, on the health and education achievement of rural families. All of these are legitimate measures of alliance "success" that need to be incorporated in order to determine whether an alliance is meeting the distinctive objectives of each alliance partner. The challenge is to knit these differing measures of success into an analytical framework that integrates each one into the strategic logic of the alliance as a whole.

As always in designing any M&E system, there is the need to strike a balance between the value of the information collected and the costs in time and dollars to collect it. The key consideration is what information is needed to:

- effectively manage alliance resources, ensuring that alliance managers can get information they need to make mid-course corrections as appropriate;
- properly account for use of taxpayer and shareholder funds; and
- meet priority information needs of other stakeholder groups, such as host government or other donor officials engaged in related development programs, additional partners who may be sought in the future to sustain or expand the alliance, or others.

Determining what information is needed by whom and with what frequency and rigor will drive the design of any M&E system. Doing this in the context of an alliance requires intensive consultation with all partners. Once the scope of the desired system is defined, alliance managers then must agree on how M&E activities will be funded, who will manage them, and how widely the data and analyses will be shared.

Participation by the private sector partner in the design of an alliance M&E plan may introduce new approaches and create learning opportunities for all parties. Performance management practices are well known to corporate and NGO managers but may be widely different from those applied in USAID. There will be differences in terminology (e.g., metrics vs. performance indicators), as well as possible concerns about proprietary methodologies (e.g., collection and interpretation of pricing data). Corporate and business sector partners will offer special expertise on cost-effective data collection on pricing and marketing, while USAID and its traditional partners can contribute expertise on measuring development impact.

It should be noted that some private sector firms tend to measure the 'impact' of their public-private partnerships in terms of their corporate social responsibility objectives, namely the firm's reputation and/or employee satisfaction, rather than in terms of the results achieved by the programs they support (although this is beginning to change in some of the CSR "thought" leaders). This will less likely be the case in those alliances where the private sector participation is linked to its core business interests; in these alliances, the private sector resource partners will naturally have a greater interest in and commitment to measuring program results.

The recent mid-term assessment of the GDA model found that many alliances had not yet developed effective alliance-wide M&E systems. Where such systems were in place, they were typically carried out by an independent contractor or other third party funded under the alliance specifically to carry out alliance M&E. The Indonesia Timber Alliance provides an example of this approach. Following a suggestion by DfID, a potential partner, to build in a bigger M&E component from the beginning, USAID increased the budget for that purpose. The implementing partners then contracted a research institute to handle M&E (referred to by the implementing partners as 'Lessons Learning') for the alliance. The system is set up so that each alliance activity is tracked separately and each partner's resource contribution is linked to the activity it is funding. For example, each partner can learn how much of its contribution is going toward timber tracking and the specific amount of wood saved. Giving each partner a clear idea of what their resources are accomplishing is not just a matter of accountability, but a good way to build commitment and sustainability into an alliance. Other alliances have plans to carry out both process and impact-level evaluations at various points in alliance implementation.

Finally, it is worth underscoring the value of identifying and sharing lessons learned about the GDA model of public-private partnerships and its effectiveness as a development tool. GDA is a relatively new, and challenging, business model for USAID and can be expected to evolve and improve as the Agency and its partners gain more experience in applying it to real development problems in the real world of developing countries. This process will be richly enhanced and accelerated if alliance managers throughout the Agency share their experience and lessons learned widely so they can be reflected in Agency-wide practices, policies, and procedures relating to GDA. The GDA Secretariat has a key role in disseminating and mainstreaming lessons learned through its training activities (workshops and the Learning Stories series), its periodic revisions of the ADS as needed, and its updates of this document, *Tools for Alliance Builders*. Alliance managers are encouraged, though not required, to conduct mid-term assessments to identify what's working, what's not, and to share these with the GDA Secretariat for broad dissemination to other alliance managers in USAID and to USAID's many alliance partners.

Reporting

All Agency operating units are requested to submit reporting on public-private alliances as a means of documenting the extent to which alliances are being used in on-going Agency programs, the range of alliance partners and partner types currently participating in Agency-funded alliances, and the nature and amount of partner contributions leveraged in support of USAID program objectives. For the FY 2004 Annual Report, all USAID operating units were required to fill out the Global Development Alliance Template found in the Annual

Report home page for each of the alliances the operating unit managed, and for which funding was obligated in FY 2004. Such data is routinely requested by various external audiences and also needed for internal assessment of the Agency's progress in mainstreaming the GDA business model.

To be reported as a Global Development Alliance, an activity must meet the following threshold criteria:

a. total USAID resources (from all operating units) committed over the life of the alliance activity is leveraging at least an equal or greater amount of total partner resources;
b. Beginning in FY03, this partner contribution must include private funds (see definition below) at least equal to 25% of the value of the expected USAID resources.

In addition to these leveraging criteria, GDA alliances should also exhibit the following characteristics:

a. Joint planning and problem definition;
b. Shared risks and responsibilities;
c. Ideally, though not necessarily, new partners and/or innovative approaches.

The resource contributions expected from GDA partners may include both public and private funds, and may be provided as cash or in-kind contributions. Public resources contributed to an alliance may come from other USG agencies, state and local governments or governmental agencies, bilateral and multilateral institutions, and foreign governments or governmental agencies. Private resources would include contributions from private companies, foundations, universities, NGOs (if raised from non-public sources), private individuals, and any other non-public source.

To track Agency alliance activity, the GDA Secretariat is maintaining a database on alliances for which USAID has obligated funds beginning in FY02. This database is designed to track alliances from the planning stages through to implementation, as a basis for reporting to the Administrator and a diverse range of audiences on the extent to which alliances are being used in USAID programs, the numbers and kinds of alliance partners USAID is working with, and the value of partner contributions. A summary matrix listing each alliance, where it is operating, USAID and partner contributions, and leverage ratio is available from the GDA Secretariat. USAID staff wishing to search the database for more detailed information on an individual alliance, alliance partners, and partner roles and contributions should contact the GDA Secretariat.

Performance reporting on alliance follows standard Agency practice. Monitoring and evaluation criteria and benchmarks should be established with the alliance partners, as discussed in the previous section and alliance managers are encouraged to set expectations up front. If USAID funding is involved in the alliance, those funds would be managed and reported on their use as with any activity, i.e., the Strategic Objective Team would continue to measure strategic objective results achievement with its agreed-upon indicators. The principal management differences come in the way in which alliance progress is monitored and reported.

Disseminating information about alliance progress and impact is equally important externally as it is internally. Raising awareness about the development program may help bring additional, helpful stakeholders to the table, further raise USAID and corporate social responsibility to the consciousness of private business and highlight innovative approaches of government to key USAID constituents.

Opportunities to publicize an alliance may include a signing ceremony at alliance formation. A signing ceremony is also appropriate to formally inaugurate an alliance even when joint planning has already developed into joint action. LPA can help produce a press release, press conference or other materials such as a fact sheet, questions and answers, or brochure. Many alliances have created websites or homepages on USAID's website to publish the story and progress of the alliance. Alliance reporting will help bear out key points regarding impact, including the additional development impact effected by the collaborative nature of the activity. Regardless of the approach, it is important to coordinate at all times with alliance partners. They may be able to bring significant resources to the table in the form of public relations staff, media relationships, photographs, market research, publications, and so on.

In instances of negative press, it is more important than ever to tell the correct story of the alliance. No organization is immune from negative press. Anticipate any issues in advance and account for them in your materials. The due diligence process reduces the risk of significant negative press due to a partner's record, but cannot eliminate it. The following model for press releases and case studies may help the story stand on solid ground and reduce PR risks: a) define the development problem, b) describe how the alliance addresses that problem, c) define partners and their contributions; and d) define the anticipated development impact. See www.usaid.gov for a list of most recent press releases. A GDA-specific release on Kraft and cashew sector development in Guinea is available below.

One tool that may assist alliance builders, either as background material in publicizing an alliance or in outreach to potential partners, is the GDA Secretariat's publication of alliance case studies. The compilation of alliances may be used as a marketing tool as well. The GDA Secretariat can make copies available upon request or a PDF format of the GDA brochure is available on the GDA homepage at www.usaid.gov/gda.

Tools

- Overview of the Federal Advisory Committee Act (FACA)
- SFPGA Quarterly Report with sample M&E tables
- Sample press release: Kraft and cashew sector development in Guinea
- GDA Brochure

NEW HORIZONS

Established just prior to the 2002 fiscal year, the GDA pillar bureau was not intended to function as a permanent Agency fixture. Rather, its job was to initiate public-private alliances, support operating unit efforts in developing alliances, disseminate best practices and lessons learned across operating units, and perform the outreach functions needed to alert private sector actors to the possibility of partnership with USAID. The ultimate success of these efforts is measured in the ability of operating units to perform these functions as a part of everyday business practice. Accordingly, the GDA functional bureau was given a lifespan through December 2006 to fully mainstream the business model.

In FY04, USAID conducted an assessment of the GDA business model to gauge success at midpoint. The report recognized public-private alliances as 'an evolving and increasingly important business methodology that is taking hold at the country, regional and global level.'

In line with assessment findings and recommendations, the GDA Secretariat has established priorities to continue the mainstreaming process. Pending innovations include:

- creation of a dedicated obligating instrument tailored specifically to the mechanics of a public private alliance. This innovation will reduce potential complications such as waiving the competition requirement for new obligating instruments, or modifying existing obligating instruments

- deployment of regional alliance builders to four regional missions in order to deliver targeted GDA support functions to bilateral and regional missions.

- scale up of dedicated GDA training suite to accommodate the needs of existing staff and prepare new staff for their roles as alliance builders.

Additionally, the Secretariat anticipates further development in the concept and practice of due diligence and, most significantly, the concept of leveraging development impact through private sector contributions and participation, not merely the leveraging of inputs.

You can be a part of this important and pioneering effort to change the way USAID does business. Alliances are not always appropriate in every sector or as an answer to every development challenge. But they can and do serve as crucial adjuncts to existing mission and bureau portfolios that connect USAID officers and programs to a wealth of additional resources found in the private sector.